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10 April 1953

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URGENT

MEMORANDUM FOR THE RECORD:

SUBJECT: Results of PSB luncheon meeting April 9.

1. Mr. Dulles has reported that the following points were brought up and discussed at the PSB luncheon meeting on Thursday, April 9, 1953. It will be apparent from a reading of the following that various aspects of certain of these points require follow-ups by the appropriate elements of this Agency.

2. Mr. Kyes raised the question of participation by a member or representative of PSB in the Inter-agency Defector Committee. (It is assumed that this proposition was put up to him by Mr. Godel, who has been exhibiting considerable interest and curiosity.) Mr. Dulles offered a modifying counter-proposal to the effect that a PSB representative should attend any meetings of the Committee at which there might be discussions of over-all policy, including policy governing defector inducement. However, it would be neither necessary nor desirable for such PSB representative to attend the routine, day-to-day "working sessions" of the Committee, since matters of a technical and operational nature are the subject matter of these meetings. I gathered from what Mr. Dulles said that he had emphasized the "intelligence" and "security" aspects of such technical discussions and deliberations. The point here is to make certain that the official minutes of the PSB meeting of yesterday are an accurate reflection of the sense of the meeting on this subject.

3. Mr. Kyes reported that a considerable number of research and development projects within the defense establishment, including the military services, are scheduled for termination. Mr. Kyes thought that some of these projects might be of interest and concern to CIA, and ~~he recommended to Mr. Dulles that CIA get in touch with the appropriate people in Defense with a view to giving our people an opportunity to examine and~~ the projects which are marked for liquidation and to determine whether any, and if so which, of these are "of interest" to CIA. Mr. Kyes did not make it clear whether he was proposing that CIA might take over or assume responsibility, financial or otherwise, for such of these projects as might be "of interest" to us -- or whether he had in mind the possibility that certain projects determined to be "of interest" to CIA might, upon representations from us, be continued in situ. I suggest that this opportunity be brought promptly to the attention of [ ] and company,

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he said he would arrange for someone in Defense to get in touch with the appropriate people in CIA

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and if they are in doubt as to what their initial point of contact should be in Defense, that I be notified so that I can raise this question with Mr. Kyes.

4. Mr. Dulles said that there had been a considerable discussion of the Rockefeller Committee report recommending the establishment of a new consolidated agency to conduct foreign economic programs, and another new agency to conduct US propaganda and overt psychological warfare. He mentioned the fact that there was a report of some kind ~~(possibly a letter)~~ from the Jackson Committee which was considered along with the Rockefeller report, and he said that we should, if possible, obtain a copy of the Jackson report for study.\* ~~It was not entirely clear to me whether this discussion took place exclusively in the PSB meeting or whether it was brought up either exclusively or by way of continuation in a later meeting which the President attended.~~ In any case, Mr. Dulles said that he had not had much of an opportunity to make the various points suggested in my memorandum to him, but that he had clarified one point completely -- viz., that the responsibility for psychological operations in the covert or "black" field is the exclusive prerogative of the CIA. This point was well understood and accepted by all.

5. Mr. C. D. Jackson proposed that there should be serious consideration given to a very substantial program involving the use of balloons for the dissemination of propaganda behind the Iron Curtain, especially the Eastern European satellites. He visualized a "weekly newsletter of the air", and thought that the National Committee for Free Europe would be the appropriate agency to mount this operation. Various difficulties from both a policy and an operational standpoint were mentioned by [ ] and Mr. Dulles. For example, Mr. Dulles thought that it might not be practicable to launch balloons from Germany under the present political situation there -- as distinguished from that which prevailed at the time of the Winds of Freedom operation. The upshot of this discussion was that the NCFE might be called upon to produce a study and a proposed project which could then be given appropriate examination. I believe that [ ] should discuss this matter with Mr. C. D. Jackson, and that one of them should take it up further with Mr. Whitney Shepardson of the National Committee for Free Europe.

6. There was a fair amount of discussion on the subject of Albania, with various points of view being registered -- C. D. Jackson evidently recommending a program of action leading up to a decisive result during the calendar year 1953. It was generally agreed that it would be highly desirable to ascertain from Ambassador Bunker what the

\* This discussion took place at the President's Conference following the PSB Meeting.

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Italian viewpoint and position might be, especially if anything were broached prior to the holding of the Italian elections. It was agreed that Mr. Dulles would obtain Ambassador Bunker's views (which he has now done -- see below). [ ] brought up the point that it might be very difficult to bring the Italians and the Yugoslavs together in any satisfactory manner on the subject of Albania until the Trieste issue is settled. There may have been some discussion -- although this was not too clear -- concerning the effect which agitation with respect to Albania would have upon the Korean peace negotiations; and upon the tremors and divisions which seem to be the order of the day within the Kremlin.

The following is the gist of Ambassador Bunker's views: Mr. Dulles said to Ambassador Bunker at the meeting today that the PSB had requested his views concerning the possible Italian attitude toward a concerted effort with respect to Albania at this time. He explained that at the meeting yesterday there had been a discussion of the Albanian situation and that the view had been put forward that it might be possible to dislodge Albania from the Soviet orbit without the risk of provoking general war. Mr. Dulles further stated that this probably could not be done on a completely covert basis, and that there would presumably have to be some "showing of the hand". Mr. Bunker said that he thought it would be unwise to enter upon any such course of action prior to the Italian elections. If the effort should not come off in just exactly the right way, there would be a very serious setback for de Gasperi. The risks are too great that the matter would eventuate in a manner not wholly satisfactory from the Italian viewpoint and in such case de Gasperi would come under heavy attack from all sides, including within his own party -- especially if the matter should come out in such a way as to create the impression that Yugoslavia had come off best. The Italian Government has taken the position that it would like to see a free and independent Albania and there would be great unhappiness in Italy if the new Albanian regime would be subject to a preponderance of either Yugoslavian or Greek influence. Ambassador Bunker further stated that he thought such a development would make the Trieste settlement more difficult -- this being both over and above, and at the same time in addition to, the question of the elections. The elections will be very close, with what appears at the present time to be a fairly good chance that de Gasperi and the associated parties of the Center will win slightly more than 50% of the voting, but the balance is so precarious that no risks should be taken. A separate memorandum will be prepared covering Mr. Bunker's more detailed views on the Italian election situation.

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7. At the conclusion of the meeting, [ ] brought forward a proposal concerning a French political operation. This proposal involves the use of a particular principal agent, but in one other respect it is very similar to a proposal which was made to us some time ago by [ ] in Paris and with which [ ] is familiar. Another aspect of this proposal (new) has to do with a publication believed by the principal agent to be extremely influential in French political circles. [ ] was quite keen about the project and the members of the meeting indicated their tentative authorization and approval of up to \$250,000 -- if upon further study by CIA we should consider the project to be both desirable and feasible. I would like to discuss this matter in greater detail with [ ] at his early convenience, since time may be of the essence and since Mr. Dulles has requested us to study the proposal on an urgent basis. One point which seems clear is that we require a more adequate statement from Paris than has previously been furnished, to include [ ] reasoning and the views of the Ambassador -- neither of which Paris has given us despite repeated requests.

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[ ]  
Acting Deputy Director

A/DDCI-FGW/bjm

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